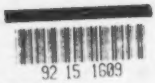

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-11232

VEREX LABORATORIES, INC.
(Exact name of Registrant as specified in its charter)

Colorado	84-0850695
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14 Inverness Drive East, D-100 Englewood, Colorado 80112
(Address of principal executive offices)

(303) 799-4499
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days.

Yes X No _____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The registrant had 11,205,000 shares of its no par value common stock outstanding as of March 31, 1992 .

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PART I

Item 1: Financial Statements

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprise)
Consolidated Balance Sheets
(Unaudited)

	March 31, 1992	June 30, 1991
ASSETS		
Current assets		
Cash and temporary cash investments	$ 84,040	$ 432,404
Receivables	77,677	2,317
Inventory	30,367	5,692
Other	15,047	7,720
	207,131	448,133
Property and equipment, at cost		
Furniture and equipment	447,673	404,819
Leasehold improvements	2,506	1,317
Vehicles	7,553	21,465
	457,732	427,601
Less accumulated depreciation and amortization	(394,732)	(349,758)
	63,000	77,843
Other assets		
Patents and trademarks, net of accumulated amortization of $150,157 and $135,223	59,672	73,906
Assets acquired in excess of basis, net of accumulated amortization of $24,625	9,040	---
	68,712	73,906
	$ 338,843	$599,882
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and other accruals	$ 17,458	$ 3,049
Notes payable	63,128	---
	$ 80,586	$ 3,049
Long-term liabilities		
Accrued salary and benefits payable	886,442	755,963
Commitments (note 2)		
Shareholders' equity (deficit) (note 3)		
Common Stock, no par value, 25,000,000 shares authorized, 11,205,000 shares issued and outstanding	1,450,770	1,450,770
Additional paid-in capital	3,413,481	3,488,355
(Deficit) accumulated during the development stage	(5,492,436)	(5,098,235)
	(628,185)	(159,110)
	$ 338,843	$ 599,882

The accompanying notes are any integral part of these financial statements.

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprise)
Consolidated Statements of Operations
(Unaudited)

	For the Nine Months Ended March 31, 1992	For the Nine Months Ended March 31, 1991
Revenues:		
Sales:		
Food products	279,359	---
Drug products	4,654	---
Licensing fees	5,000	10,000
Contract projects	---	255,000
Interest income	9,548	15,212
Consulting fees	---	10,000
Other	1,320	60,456
	299,881	350,668
Costs and expenses:		
Cost of sales:		
Food products	196,865	---
Drug products	---	---
General and administrative	486,616	483,319
Research and development	12,610	18,671
	696,091	501,990
Loss before income taxes	(396,210)	(151,322)
Income taxes (benefits)	---	---
Net loss	$ (396,210)	$ (151,322)
Net loss per common share (note 3)	$ (.04)	$ (.01)
Weighted average shares outstanding	11,205,000	11,205,000

The accompanying notes are an integral part of these financial statements.

VEREX LABORATORIES, INC.
(A Development Stage Enterprises)
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991
Revenues:		
Sales:		
Food products	$ 117,052	$ ---
Drug products	(8)	---
Licensing fees	---	10,000
Interest income	1,370	4,483
Consulting fees	---	2,000
Other	21	26,401
	118,435	42,884
Costs and expenses:		
Cost of sales:		
Food products	107,599	---
Drug products	---	---
General and administrative	154,743	144,787
Research and development	4,302	4,681
	266,644	149,468
Income (loss) before income taxes	(148,209)	(106,584)
Income taxes (benefits)	---	---
Net income (loss)	$ (148,209)	$ (106,584)
Net loss per common share (note 3)	$ (.01)	$ (.01)
Shares outstanding	11,205,000	11,205,000

The accompanying notes are an integral part of these financial statements.

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprise)
Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended March 31, 1992	For the Nine Months Ended March 31, 1991
Operations:		
Net income (loss) (note 3)	$ (396,210)	$ (151,322)
Adjustments needed to reconcile to net cash provided by operations:		
Depreciation & amortization	37,723	35,105
Additions to patents	(300)	(6,818)
Gain on disposal of investments & vehicle	(1,249)	(58,373)
Increase in long-term accrued salaries and benefits payable	150,499	123,000
Change in current assets and liabilities:		
Decrease (increase) in current receivables	(54,750)	78,022
Increase in inventory	(16,233)	---
Decrease (increase) in other current assets	(6,250)	(1,761)
Increase (decrease) in accounts payable	(11,297)	(24,020)
Net cash flow provided (used) in operations	$ (316,065)	$ (6,167)
Investing Activities:		
Purchase of Colorado Hut Company, Inc.	24,000	---
Less cash acquired with purchase	(2,102)	---
Net cash used in purchase of Colorado Hut Company, Inc.	(21,898)	---
Capital expenditures	(414)	(31,642)
Proceeds from sales of marketable securities	---	127,997
Investment in marketable securities	---	(66,354)
Net cash provided (used) in investing activities	(22,312)	30,201
Financing Activities:		
Repayment of notes payable	(9,987)	---
Increase in cash and cash equivalents	(348,364)	24,034
Beginning cash & cash equivalents	432,404	312,461
Ending cash and cash equivalents	$ 84,040	$ 336,495
Non-Cash Activities:		
Acquisition of Colorado Hut Company, Inc.		
Working capital other than cash	$ (69,705)	$ ---
Equipment and leasehold improvements	3,660	---
Intangibles and other assets	13,069	---
Excess of liabilities over assets at date of acquisition	(52,976)	---
Trade-In of Vehicle:		
Portion of trade-in value applied to reduction of future lease payments of new leased vehicle	$ 1,249	---

The accompanying notes are an integral part of these financial statements.

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprises)
Consolidated Notes to Financial Statements
(Unaudited)

1. Financial Statements

These unaudited financial statements should be read in conjunction with the Company's financial statements as of June 30, 1991, included in the Annual Report to shareholders. In the opinion of the Company, the accompanying consolidated financial statements contain all adjustments (consisting of normal recurring items) necessary to present fairly the consolidated financial position and results of operations for the periods presented. The results of operations for the nine-month period ended March 31, 1992, are not necessarily indicative of the results to be expected for the full year. The Company's consolidated financial statements include the accounts of its wholly-owned subsidiary, Colorado Nut Company (formerly Half-Cracked Nut Company).

2. Commitments

Office Lease:
The Company is obligated under an office lease commencing October 1, 1991 and ending on September 30, 1992, to pay $3,856.13 in monthly installments.

3. Net Loss Per Common Share

Net loss per common share for the nine-month periods ended March 31, 1992 and March 31, 1991 has been computed on the basis of the number of common shares outstanding for each of the periods of 11,205,000.

4. On October 3, 1991, the Company acquired the Colorado Nut Company for $24,000. For the six months ended March 31, 1992, the Colorado Nut Company accounted for 95% of total revenues for the period.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition

During the first nine-months of fiscal year 1992, current assets decreased by $241,002 to $207,131, which was due to the net loss for the period of $394,210.

Operations

Revenues from product sales, consulting, contract projects and licensing for the nine-month period ending March 31, 1992, were $289,013 as compared to $275,000 for a similar period in 1991. Revenues from food product sales during the quarter ended March 31, 1992 amounted to $117,052, compared to no food product sales during the corresponding quarter in 1991. Interest income decreased $5,664 for the nine-months ended March 31, 1992, compared to the same period a year ago.

The Company showed a net loss of $394,210 for the first nine-months of fiscal year 1992. This loss resulted primarily from a decrease in revenues and increased expenses.

It is managements decision, (should the Company find it is unable to function due to lack of cash resources), that the operational overhead will be curtailed by relocating to smaller offices. Additionally, the cash reserves will be enhanced by selling redundant equipment and fixed assets. In addition to these cost cutting measures, management is vigorously pursuing outstanding amounts owed under existing contracts with licensees, as well as negotiating new licenses and/or research agreements.

The Company continues to seek industry partners, both U.S. and international, for licensing agreements for the Company's research products. In addition, the Company continues to seek opportunities to perform research with respect to drug formulations on a contract basis.

In an attempt to generate sales the Company recently acquired a local company involved in the sale of snack items to retailers in the Denver Metro Area. The company, Colorado Nut Company, assembles and sells snack food items. Such sales are seasonal in nature, occurring mainly during holiday seasons. The accounts receivable may appear to be high, but after the quarter ended most have been paid in full.

Liquidity and Capital Resources

The Company presently has sufficient cash reserves to pay for the Company's continued operation through fiscal year 1992.

There are no planned expenditures outside of the normal operating costs of the Company which will cause the Company to make any extraordinary plans for handling any cash requirements within the foreseeable future.

The Company has recently taken steps to increase revenues through the sale of snack items as indicated above and continues to attempt to reduce its operating expenses in order to conserve capital.

PART II

Item 6
Exhibits and Reports on Form 8K

(a) Exhibit 3.1 restated articles of incorporation*
Exhibit 3.2 restated by-laws*

* Incorporated by reference to SEC file # 2-82403-D filed September 30, 1983.

(b) No reports on Form 8K were filed by registrant during the quarter ended March 31, 1992.

SIGNATURE PAGE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VEREX LABORATORIES, INC.

James M. Dunn, M.D.

James M. Dunn, M.D.
President, Chief Executive Officer
and Chief Financial Officer

May 13, 1992

Date